

## **KERA Initiative Summary**

**4/29/04**

### **Financial Equity**

Before the Kentucky Education Reform Act of 1990 (KERA), students in some Kentucky communities were more likely than students in other communities to get a good education. The reason: money. Communities with a strong property tax base could raise more money to support their local schools than could communities with a weak property tax base.

The Reform Act changed the funding system. An initiative known as SEEK (Support Education Excellence in Kentucky) makes more dollars available for education; spreads those dollars according to local needs, with more state money going to districts with the least amount of local money; and gives all Kentucky students equal opportunities to learn.

The framers of this new system set out to accomplish the following things:

- Set a target revenue for every school district that would reflect each district's needs;
- Determine state aid as the difference between each district's target revenue level and the revenue that would be produced by a uniform property tax levy;
- Permit districts to exceed the target revenue level, based on decisions of local school boards and local voters, and provide equalized state aid;
- Raise the effort of low-wealth districts;
- Limit a district's ability to generate revenue too far above the amounts raised in other districts;
- Provide equalized state support for facilities;
- Provide support for certain programs outside the basic education program;
- Provide fiscal incentives to districts to improve pupil performance.

Under the old funding system, the state provided funds to local districts based on the resources schools were thought to need, including personnel, and monitored districts to ensure that funds were spent for the purposes the state intended. There was no accountability for pupil performance.

SEEK starts with the premise that school districts and schools know best how to organize their resources to promote pupil achievement and that the state's role is to establish performance objectives, provide adequate funding and hold schools and districts accountable for performance. Under this approach, the state allocates funds to districts that allocate funds to schools that spend their funds in ways they determine will best help them meet performance objectives.

This new approach to financial equity cut the funding gap in per-pupil spending between the more- and less-wealthy districts by half (from \$1,200 to \$600) in the first ten years.

However, because the level of state support has not grown as fast as inflation nor as fast as the performance requirements that have been placed on schools, the gap has begun to widen again. Though since 1990 state funding for education has increased by 50 percent, local revenue for education has risen 150 percent. Even though recent studies have shown that the SEEK formula continues to meet the requirements for equity, studies of the adequacy of funding show significant shortages in the funds needed to meet the goals of KERA .

***Statutory References:***

State Support: KRS 157.360, 157.270, 157.360, 157.370, 157.410

Local Support: KRS 160.470, 160.593-160.597, 160.605-160.611, 160.613-160.617, 160.621-160.633, 157.440